

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

In re

CITY OF DETROIT, MICHIGAN,

Debtor.

No. 13-53846

Chapter 9

HON. STEVEN W. RHODES

**STATE OF MICHIGAN'S PRETRIAL BRIEF**

**Introduction**

The State of Michigan supports the Sixth Amended Plan for the Adjustment of Debts of the City of Detroit (August 20, 2014) [Dkt. #6908] and believes that the City meets all of the requirements for confirmation of its Plan. Therefore, the State urges the Court to enter an order confirming the City's Plan.

**Argument**

Beginning in 2011, the State of Michigan, through the Governor's office and the Treasury Department, began to look very closely at the financial challenges and problems facing the City of Detroit. Thereafter, difficult discussions and negotiations ensued with the City. The continued deterioration of the City's financial position resulted in the initiation of a preliminary review of the City's financial condition

pursuant to 2011 P.A. 4, Mich. Comp. Laws §141.1501 *et seq.* In December of 2011, a finding of “severe financial distress” by the Financial Review Team was followed by the execution of the Financial Stability Agreement on April 4, 2012. In December of 2012, a second financial review of the City’s financial condition was requested by the Financial Advisory Board appointed under 1990 P.A. 72, Mich. Comp. Laws § 141.1201 *et seq.* On February 19, 2013, the review team found that a “local government financial emergency” existed and on March 14, 2013, the Governor appointed Kevyn Orr as Emergency Financial Manager, effective March 28, 2013. The City filed its chapter 9 petition on July 18, 2013, as authorized under 2012 P.A. 436, Mich. Comp. Laws § 141.1541 *et seq.*

Over the past 16 months, the parties to this chapter 9 case have been engaged in increasingly intense, arms-length, good faith negotiations to reverse the direction of the City of Detroit’s decline. More importantly, the goal has been to reach, to the extent possible, a consensual agreement to put the City of Detroit on a path to a new, long-lasting recovery and revitalization. This trial represents the legal culmination of these efforts.

The State believes these efforts have resulted in a plan of adjustment that satisfies the requirements for confirmation under the Bankruptcy Code, including that it is executable under state law. The briefs that have been filed in this case in support of confirmation will clearly and convincingly set forth the legal basis for this conclusion. The State of Michigan concurs with the City's legal arguments advocating confirmation of the Plan.

### **Conclusion**

Therefore, the State of Michigan requests this court confirm the City's plan of adjustment.

Respectfully submitted,

/s/ Matthew Schneider

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